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FM AMEMBASSY MANAGUA
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INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000659

STATE FOR WHA/CEN, EB/IFD/OIA, AND L/CID
STATE ALSO FOR WHA/EPSC
STATE PASS TO USTR
TREASURY FOR INL AND OWH

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [ENV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: GOVERNMENT OFFICIALS CONFIDENT NICARAGUA WILL GET A SECTION 527 WAIVER

REFS: A) 02 MANAGUA 877, B) 08 MANAGUA 002, C) 08 MANAGUA 1546

SUMMARY

1. (SBU) During the June 25 Property Working Group meeting, Ruth Zapata, Head of the Office of Assessment and Indemnification (OCI), suggested that the case of U.S. citizen Juan Barreto would not likely be resolved this waiver year because he had requested additional land surveys. Rebeca Zuniga, Coordinator for the Office of U.S. Citizen Claims, asserted that the Government of Nicaragua (GON) has resolved 42 claims and urged the Embassy to consider the GON's efforts to resolve difficult claims when deciding whether to grant a Section 527 waiver to Nicaragua. Zapata mentioned that Attorney General Hernan Estrada would send a letter to the Ambassador regarding his trip to Washington to discuss the GON's property claims resolution process with members of Congress and State Department officials. Magally Bravo, Administrative Director for Property Claims for the Attorney General's Office, reiterated the GON's goal to resolve all property claims by 2011. We sense that the GON believes it is in good standing to receive a waiver despite limited progress on claims under the control of the government and the Nicaraguan Army.

DELAYS IN RESOLVING THE BARRETO CASE

2. (U) On June 25, Econoff held the monthly Property Working Group meeting with Ruth Zapata, Head of the Office of Assessment and Quantification.

3. (SBU) Econoff pointed out that the Barreto family has repeatedly expressed its willingness to work with the GON to resolve this case during this waiver year. Econoff emphasized that the Barreto case represents an important benchmark in the Section 527 process -- claims under Nicaraguan Army control -- and urged the GON to work with the Barretos to resolve this case during this waiver year. [Note: On June 26, Mr. Barreto met with Zapata and Zuniga. In his view, the GON does not have a sense of urgency to resolve his claims. End Note.]

GON CONFIDENT OF WAIVER PROSPECTS

4. (SBU) Zuniga claimed that the GON has resolved 42 claims during this waiver year and argued that Nicaragua should be in good standing to receive a waiver. She asked Econoff to consider the GON's efforts to resolve complex claims such as the Barreto case, and those with significant U.S. congressional attention, for example, U.S. citizen Domingo Calero. Zapata added that the GON is taking on more public debt to resolve claims given the current budgetary and economic difficulties confronting the government.

5. (SBU) Econoff acknowledged that communication on casework has improved between the Embassy and GON, but genuine cooperation on advancing U.S. claims remains limited. For example, he highlighted that the GON has not resolved any U.S. claims under the control of the Nicaraguan Army since 2006. The GON continues to advocate for the dismissal of U.S. claims, without regard for due process, under Decrees 3 (1979) and 38 (1979), which authorized the GON to confiscate property belonging to the Somoza family and "their allies." Attorney General Estrada has petitioned the courts to rule against the lawsuits of at least three U.S. claimants who sought to recover their property from illegal occupants. The GON is also attempting to resolve U.S. claims by publishing the resolutions in the Official Gazette and depositing the bonds offered as compensation in escrow with the Ministry of Finance. Econoff asserted that the GON could resolve more claims through the return of property, land swaps, and leasing agreements.

ESTRADA SEEKS HELP FOR WASHINGTON D.C. TRIP

6. (SBU) Zapata said that Attorney General Hernan Estrada would send a letter to the Ambassador about his upcoming trip to Washington D.C. She

7. (SBU) Bravo reiterated the GON's goal to resolve all property claims against the government by 2011 (Ref B). Econoff reminded GON officials that the U.S. Government considers claims resolved only when claimants believe that they have received adequate and effective compensation. He noted that the GON's interpretation of when a claim is resolved is different than ours, and he urged the GON to continue working with the Embassy Property Office and U.S. claimants to advance casework.

COMMENT

8. (SBU) We sense that GON officials believe that Nicaragua is in good standing to receive a Section 527 waiver despite limited progress on claims under control of the government and Army. We have reminded GON officials that during the bilateral review it was our understanding that Attorney General Estrada would make progress in advancing claims under these Section 527 benchmarks (Ref C). We will continue to pressure the GON to resolve claims under government and Army control until the end of this waiver year and emphasize that a Section 527 waiver to Nicaragua for 2009-2010 is not yet a done deal.

CALLAHAN